

Materiality Assessment

Every year we conduct the materiality assessment to identify key interests of our stakeholders and significant issues that affect our business, and communicate the findings to our stakeholders in a transparent manner. We conducted the 2023 materiality assessment at the headquarters level and at our subsidiaries in Europe adopting the method proposed by EU's Corporate Sustainability Reporting Directive (CSRD). The double materiality assessment as defined by CSRD takes into consideration both the level of social and environmental impacts of corporate activities and the impact of sustainability issues such as climate change and inequality on corporate value.

Materiality Assessment Process







The double materiality assessment consists of three stages including surveys of internal and external stakeholders, to identify material issues based on their social and environmental as well as financial impacts.

Pooling Material Issues	Assessing Social and Environmental Impact	Assessing Financial Impact
<ul style="list-style-type: none"> · Creating a comprehensive list of material issues including those already identified in the previous sustainability report and new global issues · Identifying 21 issues based on global sustainability standards (GRI, UN SDGs, TCFD, SASB), domestic indicators (K-ESG, KCGS), and analysis of the latest industry trends 	<ul style="list-style-type: none"> · Assessing the positive and negative impacts of the assessed company on the environment and society in the short term and mid-to-long term and related sustainability issues · Assessing the social and environmental impact of individual material issues through the quantification of the sustainability issues covered by the media recently, competitors' material issues, analysis of various international ESG standards, and surveys of internal and external stakeholders <ul style="list-style-type: none"> - Analyzing media reports and competitors' issues - Analyzing international standards (GRI, ESRS, UN SDGs) - Conducting employee surveys - Conducting external stakeholder surveys 	<ul style="list-style-type: none"> · Assessing the financial impact of sustainability issues on the assessed company's economic value creation · Assessing the financial impact based on the findings from the analysis of ESG information by key financial institutions and rating agencies, shareholders' and investors' interests, and internal cost and profit analysis <ul style="list-style-type: none"> - Analyzing ESG-related inquiries by financial institutions - Analyzing ESG information disclosure by financial institutions and rating agencies - Conducting employee surveys and external stakeholder surveys



Materiality Assessment Results

The issues of materiality identified through the 2023 double materiality assessment were climate action and energy management, sustainable supply chain, talent development and quality of life, human rights management, circular economy, water resource management, and diversity and inclusion.

Area	Issue	Social and environmental impact	Financial impact	UN SDGs	Response	Activities	Sections for reference
Social	Human rights management	●	●		We ensure that current and potential employees at all of our business sites are guaranteed equal opportunities. We do not discriminate against employees or applicants based on their gender, race, ethnicity, nationality, religion, age, marital status, sexual orientation, sexual identity and manifestation, social status, disability, pregnancy, military service status, genetic information, political inclination, etc.	<ul style="list-style-type: none"> · Expanding employment opportunities for persons with disabilities · Operating an the in-house advisory group of persons with disabilities for accessibility improvement · Launching of Operating Hopes and Stars Forest, a subsidiary-type workplace for employees with disabilities · Supporting Employee Resource Group (ERG) activities 	Diversity, Equality, and Inclusion
	Sustainable supply chain	●	●		We foster startups to advance social innovation and secure new growth engines, while also expanding our investments in R&D and the productivity improvement of SMEs.	<ul style="list-style-type: none"> · C-Lab (Creative Lab) (Korea) · Smart Factory support program (Korea) · Future Technology Cultivation Initiative (Korea) 	Tech for All, Empowering Communities
	Talent development and quality of life	●	●		We strive to create an environment where our employees can work without worrying about health and safety. We also focus on minimizing the impact of harmful chemical substances on the environment and our employees' health.	<ul style="list-style-type: none"> · Regular physical examinations for employees · Access to a Range of Capacity-Building Programs, Opportunities to Switch Jobs Internally · The UniverSE · SCI(Samsung Culture Index) 	Sustainability in Operations, Human Rights
Environmental	Climate action and energy management	●	●		We identify and prioritize climate change issues based on their business impact and probability of occurrence, analyze risks and opportunities, and establish response measures accordingly. We strive to reduce our footprint by investing in GHG emissions reduction equipment and optimizing operations of our equipment.	<ul style="list-style-type: none"> · Research in carbon capture, particulate matter reduction, and circular economy technologies · Reducing energy consumption in manufacturing processes · Identifying and implementing GHG emissions reduction projects · Monitoring and managing our suppliers' GHG emissions 	Climate Action, Clean Tech Ecosystem
	Circular economy	●	●		We reuse and recycle resources to ensure resource circularity and a minimized environmental impact. We strive to expand the use of recycled materials, improve product durability, reduce packaging sizes, minimize the sourcing mining of new resources, and extend product lifecycles.	<ul style="list-style-type: none"> · Applying recycled and recyclable materials in products · Expanding recycled resin use · Utilizing recycled and recyclable packaging · Expanding e-waste collection system · Engaging in responsible minerals sourcing 	Sustainability in Operations, Sustainability in Supply Chain
	Water resource management	●	●		We ensure water resource efficiency by reducing water use and reusing and recycling water. Our in-house standards for wastewater treatment are more stringent than the legal requirements of individual countries. We strive to minimize our impact on water resources.	<ul style="list-style-type: none"> · Monitoring and improving aquatic ecosystems · Attaining Alliance for Water Stewardship (AWS) Platinum Certification 	Sustainability in Operations

*Materiality: ● High impact ● Medium impact ● Low impact